

CSR PERCEPTIONS ON CONSUMERS' REPURCHASE INTENTION: COMPARISON OF JAPAN, CHINA, AND THE UNITED STATES

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ABSTRACT

Some companies employ CSR as part of their overall strategy to build their reputations and to encourage product purchasing. We set out to ascertain the CSR factors influencing consumers' repurchase intention and see if there are cultural differences and similarities. We developed a research model based upon the existing research, theory and tested the model by collecting data using an online survey instrument. We surveyed 211 consumers in Japan, 269 consumers in China and 1,646 consumers in the United States comparing the results among the three countries. We found significant differences in some of the CSR factors, specifically where CSR awareness and advocacy loaded only with consumers in the United States and trust loaded only with consumers in China. A major finding of this study was that corporate reputation was found to be an important CSR factor for all countries and maybe be considered critical to prediction repurchase intention.

KEYWORDS: Corporate Social Responsibility, Repurchase Intention, Trust, Advocacy & Reputation

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INTRODUCTION

Customers buy products because of perceived or real characteristics such as quality or price. Customers also purchase products associated with well-known brands. And customers further associate “good” products and brands with “good” companies. Company image and reputation become part of creating top-of-mind-awareness among customers. For example, firms that launch new products may rely on their overall image and reputation.

Corporate social responsibility (CSR) is a business practice and concept whereby organizations consider the interests of the society and integrate it into their strategy by taking responsibility for the results of their activities on customers, suppliers, employees, communities, etc. as well as on the environment. Some corporate and marketing strategists regard CSR as a tool to build a company's reputation. Social responsibility “sells” across a range of products and markets. Banks offer free training to customers in cash and money management to retain their loyalty. Mining firms engage in environmental and community-related CSR projects—such as tree planting and producing household handicrafts

RESEARCH OBJECTIVES

The authors undertook research to explore the relationship between CSR initiatives and repurchase intent—the term used in the literature. The related literature review required using the following descriptions as part of designing the survey questionnaire and constructing a model, thus building on prior research. In this research, we

attempted to address two questions:

- What are the CSR factors influencing consumers' repurchase intention?
- Does culture have an impact on consumers' trust in CSR policies?

RESEARCH MODEL

Building on the preceding research (Amoroso and Lim, 2015), the following research model links the trust, reputation, loyalty, and advocacy with corporate social responsibility, to their repurchase intention (see Figure 1). Each construct and related hypotheses are justified from the literature review and additional studies below along with the related hypotheses. In essence, consumers first have to be aware of firm's CSR initiatives. Trust builds reputation, loyalty, and advocacy and ultimately leads to repurchase intent.

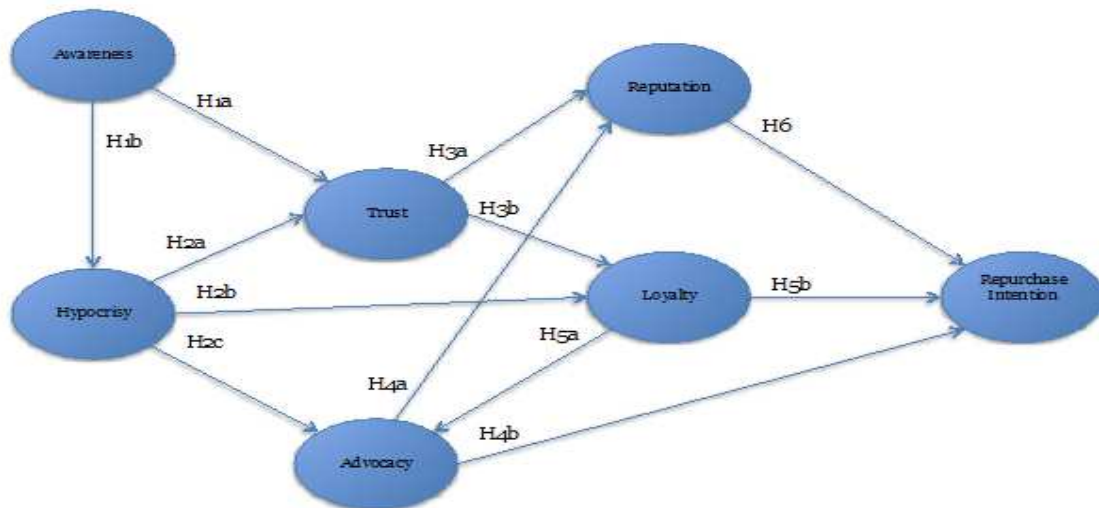


Figure 1: Conceptual Research Model

Consumer awareness of CSR means that consumers acquire some knowledge of CSR activities in real consumer consumption, but this awareness is also influenced by political, cultural, and economic development. Tian et al. (2011) found that a higher level of consumer-perceived CSR leads to a higher level of consumer responses to CSR.

H1a: Awareness relates positively to hypocrisy

H1B: Awareness relates positively to trust.

Sweetin, et al. (2013) found that a company's social irresponsibility results in a negative attitude toward the brand, which in turn affects purchase intention. They found that hypocrisy had a strong effect on the consumer's "willingness-to-punish" the brand. Alhouti, et al. (2016) found a strong relationship between CSR authenticity and customer loyalty and with purchase intent.

H2a: Hypocrisy relates positively to Advocacy

H2b: Hypocrisy relates positively to Loyalty

H2c: Hypocrisy relates positively to the Trust

Consumer trust is defined as the consumer expectation that the company, as a sponsor of CSR initiatives, is willing to fulfill its obligations with honesty, goodwill, and non-opportunistic motives. Trust in CSR is defined as the consumer expectation that a company will keep its promise and fulfill its obligations with honesty, goodwill, and non-opportunistic motives (Amoroso, et al, 2016; Tian, 2011).

H3a: The level of consumer trust affects the reputation of the organization.

H3b: The level of consumer trust affects the degree of consumer loyalty.

Advocacy is defined as customers' support for a firm and was measured through intention to consume the firm's products and then tell others about their good experience with the product. Du et al. (2007) found that advocacy was strong when a consumer's CSR belief were strong as well.

H4a: The level of consumer advocacy affects the reputation of the organization.

H4b: The level of consumer advocacy affects the degree of repurchase intention.

Loyalty is the desire of the customer to continue to do business with a given company over time. Loyalty is defined as a desire on the part of the customer to continue conducting business with a given company over time (Kumar, et al., 2012; Amoroso & Roman, 2015).

H5a: The greater the consumer loyalty, the greater the degree of consumer advocacy.

H5b: The greater the consumer loyalty, the greater the repurchase intention.

Galbreath (2010) found three benefits associated with CSR reputation: reduced employee turnover, increased customer satisfaction, and improved reputation and found a positive link between employee commitment and customer loyalty. CSR can also influence purchase intent and the overall perception of a firm. The reputation of a corporation as a leader in CSR is important because it reflects how a given firm compares itself relative to its competitors.

H6: The greater the level of reputation of the organization, the greater the repurchase intention.

Finally, purchase intention is defined as a measure of the strength of the consumer's intention to perform a specific behavior or make the decision to buy a product or service (Amoroso & Ogawa, 2013).

RESEARCH METHOD

To examine consumer perception of corporate social responsibility, the authors developed a survey instrument based upon existing theory that studied CSR factors focusing on seven constructs: awareness, hypocrisy, trust, loyalty, reputation, advocacy and repurchase intention. The survey items were based on existing CSR survey instruments that assessed corporate social responsibility perceptions (Anselmsson and Johansson, 2006; Galbreath, 2010; Balqiah et al., 2011, Amoroso and Roman, 2015).

Data was collected in China, the United States and Japan in order to compare cultural differences. Language translations were made and pre-tested for content validity. We used SurveyMonkey to collect the data. At the end of the collection period, there were 269 respondents in China, 211 respondents in Japan, and 1,646 respondents in the United States after removing missing-item surveys.

We used Cronbach Alpha for each construct in order to test scale reliability. There was strong support for

construct validity and reliability by examining Cronbach Alpha reliability coefficients and by factor analysis using principal component measures. The measurement scales for this instrument showed strong psychometric properties. All measurement scales showed relatively high Cronbachalpha coefficients (at $\alpha \geq 0.70$). This pattern of high scale reliability is consistent with much of the prior research dealing with a CSR scale developer.

Discriminant validity analysis was tested statistically on whether two constructs differ. Indicators for different constructs should not be so highly correlated as to lead one to conclude that they measure the same thing; this would happen if there were definitional overlaps between constructs. Principal components analysis with varimax rotation was used to assess discriminant validity and yielded a seven-factor solution with eigenvalues greater than 1.0, explaining 79.1% of the variance in the data set. The rotated factor matrix for items that did not load strongly on any factor (<0.40), that loaded on another factor greater than the intended component, or that loaded relatively equally on more than one factor, were examined.

Findings

After conducting an F-statistic mean comparison between the three countries (see Table 1), we are able to see important differences in consumer responses. From a statistical significant perspective, there were no differences among all three countries except for hypocrisy, loyalty, and repurchase intention. Hypocrisy was found to be more important to American consumers and not statistically different between Japan and China ($p = .395$). Loyalty was found to be more important in China than in either Japan or the United States. This may be due to the difficulty in gaining the loyalty for companies in China and the heavy reliance of product ratings and recommendations in the United States and Japan. Interestingly, Japan was significantly lower in its repurchase intention than both the United States and Japan ($p = .000$). We found that Japan showed higher mean values of trust, the United States showed higher mean values for hypocrisy, and China showed higher mean values for reputation, advocacy, and loyalty.

Table 1: Mean Comparison between Japan, USA, and China

	Japan	US	China	between all 3 countries		between Japan and US		between Japan and China	
				F-Stat	Sig (p value)	F-Stat	Sig (p value)	F-Stat	Sig (p value)
Awareness	2.860	2.868	2.786	0.226	0.798	0.001	0.970	0.231	0.632
Hypocrisy	2.955	3.389	3.082	5.788	0.004	8.728	0.000	0.730	0.395
Trust	3.120	2.823	3.068	3.480	0.801	3.867	0.049	0.099	0.754
Reputation	3.050	3.062	3.137	0.293	0.745	0.004	0.953	0.329	0.568
Advocacy	2.661	2.859	3.044	1.486	0.072	1.574	0.212	6.885	0.010
Loyalty	2.633	2.669	2.940	8.476	0.000	0.219	0.641	13.772	0.000
Intention	2.523	3.008	2.966	5.478	0.005	9.350	0.000	8.171	0.005

Table 2 shows us the regression analyses for repurchase intention for each of the three countries. For Japanese consumers, the model explained 53.2% of the variance with hypocrisy, reputation, and loyalty entering the model with $p < .05$. Interestingly, Japanese consumers felt that hypocrisy is very important in their decision to trust organizations and to ultimately repurchase.

Table 2: Regression Analysis

Japanese consumers				Chinese consumers			USA consumers		
F-value	23.096	0.000		F-value	102.193	0.000	F-value	368.483	0.000
Adj R2	0.532			Adj R2	0.593		Adj R2	0.574	
Construct	Beta	t-value	Sig. (p)	Beta	t-value	Sig. (p)	Beta	t-value	Sig. (p)
Awareness	0.131	1.774	0.079	0.082	0.689	0.501	0.078	3.684	0.000
Hypocrisy	0.432	5.744	0.000	0.083	0.578	0.586	0.387	15.896	0.000
Trust	-0.043	-0.476	0.635	0.524	3.531	0.001	0.026	1.031	0.303
Reputation	0.24	2.446	0.016	0.303	2.289	0.027	0.133	3.899	0.000
Advocacy	0.174	1.881	0.052	0.145	1.199	0.237	0.061	2.422	0.016
Loyalty	0.158	2.074	0.040	0.108	0.951	0.347	0.339	13.632	0.000

For Chinese consumers, the model explained 59.3% of the variance with only trust and reputation entering the model. Only these two CSR factors were found to be important to predicting repurchase intention of consumers in China.

For the American consumers, the model explained 57.4% of the variance with awareness, hypocrisy, reputation, advocacy, and loyalty all entering the model. In the United States, all of these CSR factors are important to predicting the repurchase intention of consumers in the United States.

It is important to look at the differences between all of the models with respect to which CSR factors entered the models to predict repurchase intention. China was the only culture where trust entered the model. USA was the only culture where awareness and advocacy entered the model. Reputation was the only factor that was important to all three countries. Corporate reputation may be one of the most important factors linking to a repurchase decision in all cultures by consumers in this study. Ultimately, all CSR policies will have an impact on corporate reputation. Strong reputations have an impact on the consumers' perception of the brand.

CONCLUSIONS

It was the purpose of this study to understand which CSR factors contribute to the re-purchase intention of consumers and to what extent there are similarities and differences across culture. We developed a survey instrument and administered it to consumers in Japan, China, and the United States. After running mean comparisons and more importantly regressions for each of the countries, we compared the loaded for statistical differences. We found significant differences in some of the CSR factors, specifically where CSR awareness and advocacy loaded only with consumers in the United States and trust loaded only with consumers in China. A major finding of this study was that corporate reputation was found to be an important CSR factor for all countries and maybe be considered critical to prediction repurchase intention.

Many of the hypotheses of this study have been support (see Table 3). We show the three hypotheses related to impacting repurchase intention for each of the three countries. We should note that although H4b was not supported in Japan, that support was barely ($p=.052$).

Table 3: Hypotheses Support

Hypothesis	Japan	China	United States
H4b: The level of consumer advocacy affects the degree of repurchase intention.	Not supported	Not supported	Supported
H5b: The greater the consumer loyalty, the greater the repurchase intention.	Supported	Not supported	Supported
H6: The greater the level of reputation of the organization, the greater the repurchase intention.	Supported	Supported	Supported

Trust was the one construct that did not load in both the Japan and United States regressions. The trust could erode through a public perception that a company is not acting responsibly. Trust then turns to hypocrisy, and the company must work harder to regain trust and purchase intent. Make all CSR initiatives believable by consumers in order to generate trust in a firm's CSR. Trust influences reputation that, in turn, has the strongest impact on advocacy, where consumers sell the brand and products. To increase intention to purchase, firms with strong CSR programs will be in a better position for meeting consumer needs.

Culture may indeed play a significant role in predicting repurchase intention where consumers place a differing importance on CSR constructs. Further research should be conducted in countries with major cultural differences to ascertain consumers' perceptions of CSR and whether these factors will influence their repurchase decisions.

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